

# DIRECTIVE

## WORKFORCE INVESTMENT ACT

Number: WIAD03-7

Date: September 9, 2003  
69:216:kb:7485

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: AUDIT REQUIREMENTS

### EXECUTIVE SUMMARY:

#### Purpose:

The purpose of this directive is to update the audit requirements for entities receiving Workforce Investment Act (WIA) funds, in accordance with the recent revisions to Office of Management and Budget (OMB) Circular A-133.

#### Scope:

The information in this directive applies to all Local Workforce Investment Areas (LWIA) and subgrantees expending \$300,000 or more in federal funds in a fiscal year.

#### Effective Date:

This directive is effective immediately.

### REFERENCES:

- WIA Section 184
- Title 20 Code of Federal Regulations (CFR) Section 667.200(b)
- Title 29 CFR Part 95 or 97 (as applicable)
- Title 31 United States Code (USC) Chapter 75
- OMB Circular A-133
- Federal Register, Volume 68, Number 124, June 27, 2003

### STATE-IMPOSED REQUIREMENTS:

This document contains State-imposed requirements. These requirements are in ***bold, italic*** print.

### FILING INSTRUCTIONS:

This directive supersedes WIA Directive WIAD00-6, dated March 5, 2001, and finalizes WIA Draft Directive WIADD-60, issued for comment on August 20, 2003. Retain this directive until further notice.

## **BACKGROUND:**

Revised audit requirements specified in OMB Circular A-133 require nonfederal entities that expend a total amount of federal awards equal to or in excess of \$500,000 (raised from a previous threshold of \$300,000) in any fiscal year ending after December 31, 2003, to have either a single audit or a program-specific audit. Nonfederal entities that expend federal awards under more than one federal program must have a single audit. For fiscal years ending on or before December 31, 2003, the expenditure threshold remains \$300,000.

Title 29 CFR Sections 95.26 and 97.26 require each entity receiving funds under the WIA to comply with Title 31 USC Chapter 75.

Title 31 USC Section 7502 further requires each pass-through entity to:

- Monitor the subrecipient's federal awards through site visits, limited scope audits, or other means;
- Review audits of subrecipients to determine if prompt and appropriate corrective action has been taken with respect to audit findings; and
- Require each of its subrecipients of federal awards to permit, as a condition of receiving federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary.

## **POLICY AND PROCEDURES:**

### **LWIA Grants, Subrecipient or Cooperative Agreements**

***Each grant, subrecipient agreement, or cooperative agreement, of the LWIA or its subrecipient, shall contain the following requirement:***

***As a condition of receiving WIA funds, the independent auditor or monitor of the LWIA, and the Employment Development Department (EDD) auditors, investigators, monitors, and their representatives, shall at all times during the period that the grant is in force and for a period of four years thereafter, have access to all related records and financial statements and to individuals with knowledge of the records and financial statements as may be necessary to ensure compliance with the WIA statute, regulations, and directives.***

### **Audit Requirements**

***Each LWIA will conduct and ensure that each of its subrecipients expending \$300,000 or more of federal funds in fiscal years ending on or before December 31, 2003, or \$500,000 or more of federal funds in fiscal years ending after December 31, 2003, conducts an audit in accordance with Section 184 of the WIA, Title 20 CFR Section 667.200, Title 29 CFR Part 95 or 97 (as applicable), and Title 31 USC Chapter 75.***

***Governmental entities will continue submitting copies of their Single Audit Reports to the State Controller:***

***Attn: Single Audit Reports  
Division of Audits  
State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250-0001***

***Copies of Private, Non-Profit Organizations' Single Audit Reports are to be submitted to EDD as follows:***

***Audit & Evaluation Division, MIC 78  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001***

**ACTION:**

The actions specified by this directive shall be carried out by the organizations and individuals specified herein.

**INQUIRIES:**

If you have any questions, please contact your [Regional Advisor](#) at (916) 653-6347.

/S/ BOB HERMSMEIER  
Chief  
Workforce Investment Division